



STATE OF MICHIGAN  
DEPARTMENT OF EDUCATION  
LANSING



JENNIFER M. GRANHOLM  
GOVERNOR

THOMAS D. WATKINS, JR.  
SUPERINTENDENT OF  
PUBLIC INSTRUCTION

MEMORANDUM

TO: Local and Intermediate School District Directors of  
Special Education  
cc: Business Managers

FROM: Jacquelyn J. Thompson, Ph.D., Director  
Office of Special Education and  
Early Intervention Services

DATE: June 16, 2003

SUBJECT: Closing out the 2002-03 School Year Special Education Accounts and Funding  
Information for the 2003-04 School Year

**I. Closing off the 2002-03 School Year Special Education Accounts**

Last year all school districts were forwarded a copy of the special education allowable expenditures for state and federal funds for the 2002-03 school year. A copy of this document will be included with the 2002-03 Special Education Actual Cost Report. Districts are encouraged to review the information in this document prior to completing the Special Education Actual Cost Report (SE-4096) for the 2002-03 school year. We continue to have a number of districts that report ineligible supplies, equipment, and contracted costs. We would again remind you that the State School Aid Act limits reimbursement to special education programs and services. Contracted services for operation and maintenance, contracted professional services that are not specifically identified in the criteria, furniture and other equipment that is normally for K-12 pupils, and non-instructional supplies, such as stamps, are not reimbursable under state aid. Costs for split funded aides and secretaries continue to remain ineligible for reimbursement. **Also, costs for programs and services contracted from another Michigan public school district are not eligible for reimbursement under state aid.**

Continuing with the 2002-03 SE-4096 Special Education Actual Cost Report, districts will not be able to report instructional supplies under any of the administrative functions. These costs will have to be prorated to the appropriate program line. Non-instructional (i.e. administrative) supplies continue to be ineligible for reimbursement. This applies to line 33, *Supervision and Direction*, and line 34, *School Principal*, of the Special Education Actual Cost Report. Districts will be required to report non-mandated special education instructional aides by program assignment, not the disability category of the pupil. Line 1 of the SE-4096 has been titled "LRE Aides." This line should be used to report all individual pupil aides assigned by an IEP to work with a special education pupil in regular education, all Least Restrictive Environment (LRE) aides assigned to a building under the direction and supervision of a special education

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***“LRE team.” Note: Pool aides continue to be reported on the physical education line and transportation aides are reported on the SE-4094 Transportation Expenditure Report.***

Please be advised, districts are required to submit documentation to justify all journal entries, petty cash amounts and credit card charges that are charged against the SE-4096 Special Education Actual Cost Report and the SE-4094 Transportation Expenditure Report upon Departmental request.

The following financial interpretations are available from the Department on request:

- *Accounting for the Time of Special Education Personnel Who Are Assigned Part Time to Regular Education Programs.* This document provides the accounting basis for split funding of various categories of personnel who have duties other than special education reimbursed assignments.
- *“Center Program Criteria”* which is used by the Department of Education to approve local districts as “center programs” in accordance with the funding provisions of Section 6 of the State School Aid Act.
- *Disposal of Equipment Purchased with Section 53 Funds.*
- *Purchase and Disposal of Equipment Purchased with State or Federal IDEA Funds.*
- *Procedures for Calculating Direct Operation and Maintenance* which is used by districts with buildings that serve only pupils with disabilities where the indirect rate for the free standing special education building exceeds that for the district. This form is only filled out by districts whose indirect rate is less than 15 percent.
- *Steps for Setting Up Accounts, Recording, and Reporting Special Education Expenses for the Special Education Final Cost Report (SE-4096) and the Final Expenditure Report (DS-4044) for Federal Grants.*
- *Steps for Setting Up Accounts, Recording, and Reporting Expenditures for the Transportation Expenditure Report (SE-4094).*
- *Supplemental Information for Public Accounting Firms for Auditing Federal Special Education Programs.*

All of the other interpretations which were previously found in the Special Education Administrative Manual Volume II Finance have either been outdated or have been included in other documents, such as the Membership Accounting and Auditing Manual or the Office of Special Education Services’ Federal Grant Manual.

## **II. SE-4096 Special Education Actual Cost Report and Form B Comprehensive Financial Report**

As a part of the Department's overall review of its data collection process and the accuracy of the data collected, preliminary comparisons between data reported on the SE-4096 Special Education Actual Cost Report and the Form B Comprehensive Financial Report have begun. In many cases, it was discovered that special education instructional costs on the Special Education Actual Cost Report (SE-4096, lines 1-15) exceeded costs reported as General Fund Expenditures for Special Education–District Level on the Form B Report (Added Needs–Special Education–122).

Department staff from the Office of Special Education and Early Intervention Services and from the Office of State Aid and School Finance will be working with districts during the filing of the 2002-03 data to reconcile these inconsistencies. It is important to realize that the SE-4096 and Form B **do not have to equal each other**. The school district's Form B – Comprehensive Financial Report should always exceed or equal the SE-4096. Districts will be required to report costs consistently between the two forms. Districts are reminded that the costs charged to the SE-4096 Special Education Actual Cost Report must be reported by appropriate fund, function and object codes as specified in the Bulletin 1022, School District Accounting Manual. Please note the appropriate function and object codes on the attached "Special Education Allowable Expenditures for State and Federal Funds."

## **III. Funding Information for the 2003-04 School Year**

### *Special Education Allowable Costs*

Attached is a revision of the *Special Education Allowable Expenditures for State and Federal Funds for the 2003-04 School Year*. The document has been changed to include function and object codes for each approvable expenditure. Such codes align with Bulletin 1022, School District Accounting Manual. The function and object codes are also shown on the specific lines of the SE-4096 Special Education Actual Cost Report to help ensure the accurate reporting of expenditures.

Clarifications are also included for the reporting of inservice conference expenditures, as well as physician associated expenditures. Three policies affecting reimbursement are attached to the document. They relate to reimbursement of unemployment costs for special education personnel, use of special education funds for computers and related expenses, and the use of federal funds under the Individuals with Disabilities Education Act to reimburse field trips.

### *Section 51a(6) Application (formerly Section 51(3))*

Districts that wish to apply for reimbursement for the net increase in necessary costs for implementing the July 1, 1987 rules under Section 51a(6) of the State School Aid Act must complete an application **by October 31, 2003**. The application is filed on form SE-4747. Copies are available upon request from Finance and Program Management, Office of Special Education and Early Intervention Services.

### *Approval of Individual Student Section 53 Costs*

Districts that enroll Section 53 pupils requiring special equipment or other special accommodations must have written prior approval from the Department of Education in order to receive 100 percent reimbursement. Requests for special equipment should be addressed in

writing listing the Section 53 pupil's name, equipment needed, and reason for the equipment. Equipment that is normally available will not be funded under Section 53. These funds are restricted to new and additional equipment required for sole use of Section 53 pupils.

Districts wishing to receive reimbursement for an individual aide for a Section 53 pupil must complete a Section 53 Aide Request form. Please call (517) 241-4517 or request a form in writing to the Office of Special Education and Early Intervention Services, Finance and Program Management, P.O. Box 30008, Lansing, Michigan 48909. Upon receipt of the form, the Department will schedule an on-site review by a professional team. Funding determination will be based on the review team's recommendation. Funding, if approved, will start from the date the written request is received. Districts that anticipate a need for instructional or transportation aides assigned to an individual Section 53 student should submit a written request to the above address **by October 31, 2003.**

#### *Transportation Allowable Costs*

Attached is the revision of Transportation Allowable Expenditures for 2002-03 and 2003-04. This document includes function and object codes for the allowable expenditures and is necessary to complete the SE-4094 Transportation Expenditure Report.

The revision to the *Transportation Allowable Expenditure* document includes the following object code:

#### **EMPLOYEE BENEFITS**

2410      Physicals, hepatitis B shots

#### **IV. Federal Grant Information**

- *Out-going Transfers*

Continuing for FY 2003-04 there will be a new line on the budget, below the sub-total line, labeled, "Out-going transfers." The dissemination of funds from the ISD/RESA to local school districts will be reported on the ISD/RESA budget as "Out-going transfers." This means that the ISDs/RESAs are no longer allowed to include funds transferred to local school districts in the direct cost pool and to charge an indirect rate against these funds.

- *Field Trips*

Field trips are defined as non-mandated and non-credit events that are considered extra-curricular or co-curricular activities. The programmatic cost (i.e. event registration/participation, meals, etc.) for field trips may be charged to IDEA, Part B funds. The cost for transportation (i.e. bus driver salary, bus, gas, oil, etc.) are no longer allowed to be charged. Therefore, continuing in the FY 2003-04 school year the transportation line on the budget sheet no longer exists. Transportation costs are reported on the Transportation Expenditure Report, Form SE-4094.

- *Board of Education – Audit Costs*

Continuing in the FY 2003-04 audit costs for IDEA federal grants will be included in the direct pool of costs. This is an advantage to the school districts since the line item has been shifted above the sub-total line and allows districts to charge an indirect rate against these costs.

- *Maintenance of Effort (MOE)*

By now, all districts should have received the MOE memo sent out by Dr. Jacquelyn Thompson dated May 23, 2003. The MOE worksheet attached to the May 23 memo is for district use only and does not need to be sent back to MDE. The only districts that need to use the worksheet would be those who expend federal IDEA funds. If you have questions regarding the Maintenance of Effort, please contact Linda Domine at (517) 373-6309.

Attachments

JJT:DE:lvh

**MICHIGAN DEPARTMENT OF EDUCATION**  
**Office of Special Education and Early Intervention Services**  
**(Revised April, 2003)**

SUBJECT: Special Education Allowable Expenditures for State Funds for 2002-03 and 2003-04 and Federal Funds for the 2003-04 School Year

Sections 51a, 52, 53 of the State School Aid Act limit categorical reimbursement to costs approved by the Department of Education. Federal flowthrough funds for the Individuals with Disabilities Education Act (IDEA) are appropriated in Section 51a of the State School Aid Act and are subject to the same funding criteria as state funded programs.

The following is a list of items approved to be included as direct costs on the SE-4096 Special Education Final Cost Report, IDEA Federal Grant application, and Final Cost Report form DS-4044. This list also applies to on-grounds juvenile detention programs funded under Section 24 of the State School Aid Act.

**Districts are reminded that costs contracted from another Michigan public school district may not be reported on the SE-4096 and Section 24 budget and cost reports.**

A district must have prior written approval from the Office of Special Education and Early Intervention Services, Michigan Department of Education, to charge costs not included on this list.

**Account Codes**

Function <u>Code</u>	Object <u>Code</u>	[Program] <u>Code</u>
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122	<b>INSTRUCTION–SPECIAL EDUCATION CLASSROOMS SALARIES</b> (Column 3)	
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- |      |  |   |
|------|--|---|
| 1240 | Teacher costs must be reported using program codes:  |   |
|      | [110]  | Mild Cognitive Impairment (educable mentally impaired)      |
|      | [120]  | Moderate Cognitive Impairment (trainable mentally impaired) |
|      | [130]  | Severe Cognitive Impairment (severely mentally impaired)    |
|      | [140]  | Emotional Impairment  |
|      | [150]  | Learning Disability   |
|      | [160]  | Hearing Impairment  |
|      | [170]  | Visual Impairment   |
|      | [180]  | Physical and Other Health Impairment                        |
|      | [190]  | Severe Multiple Impairment                                  |
|      | [191]  | Early Childhood Developmental Delay (preprimary impaired)   |
|      | [192]  | Severe Language Impairment                                  |
|      | [193]  | Autistic Impairment   |
|      | [194]  | Resource Room   |
| 1620 | Secretary/clerical must work 100% of their employment in special education (state funds only)  |   |
| 1630 | Aide Salary (must work 100% of their employment in special education, report by program assignment) – Instructional aides must be reported under Function Code 122-Instruction (lines 1-15 on the SE-4096) |   |
| 1690 | Interpreter  |   |
| 1860 | Substitute or temporary aide/clerical  |   |
| 1870 | Substitute Teacher (substitutes for IDEA professional development activities are reported under Function Code 221)   |   |

Function <u>Code</u>	Object <u>Code</u>
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122     **PURCHASED SERVICES**  
(Column 5)

- 3110    Contracted Instructional Services (**Public School Academies only**).  
          Approved special education instructional staff must be reported using  
          the program codes on page 1.
- 3130    Professional/Technical contracted audiological medical service,  
          psychologist, or other student services (reported under appropriate  
          function codes).
- 3190    Other Professional/Technical services for staff such as medical consultation  
          not provided under employee benefits.
- 3210    Local Travel for staff traveling between buildings only.  
          ***Note: Inservice/Conference travel is recorded under***  
          ***Improvement of Instruction as Function Code 221,***  
          ***Object Code 3220.***
- 3610    Printing for instructional materials on a contracted basis.
- 4120    Instructional Equipment Repair and Maintenance is limited to instructional  
          equipment (i.e., hearing aides) used 100% for special education. **This**  
          **does not include repair or replacement costs for copy, fax, or**  
          **other non-instructional machines.**
- 4220    Rental of special education instructional equipment; i.e., wheelchairs.  
          **This does not include rental of copy, fax, or other non-**  
          **instructional machines.**

**SUPPLIES**  
(Column 6)

- 5110    Teaching Supplies and Materials includes consumable items and equipment  
          valued under \$1,000 for each piece for state funds and \$5,000 for  
          federal funds. Only items used for pupil evaluation or instruction are  
          reimbursable. Furniture and instructional equipment ordinarily available  
          for regular education pupils are not reimbursable, including such items  
          as desks, chairs, lockers, movie and overhead projectors. Objects of  
          expenditure should be assigned on a direct charge basis to each program.
- 5210    Textbooks for exclusive special education use including braille and  
          Talking Book expense.
- 5310    Library Books are limited to center programs in self-contained special  
          education building and Special Education Learning Material Centers.
- 5410    Periodicals for special education pupil use only.

**CAPITAL OUTLAY**  
(Column 7)

- 6410    Capital Outlay refers to nonconsumable instructional equipment items  
          costing \$1,000 or more (for each piece) for state aid and \$5,000 or  
          more (for each piece) for federal grants. Furniture and instructional  
          equipment ordinarily available for regular education pupils such as  
          movie projectors and lab tables are not reimbursable. Computers used  
          100% in special education classrooms for instruction are reimbursable.

Function <u>Code</u>	Object <u>Code</u>
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122     **OTHER EXPENDITURES**  
(Column 8)

7400    Dues and Fees for special education personnel memberships in professional organizations related to special education, as well as, professional licenses for instructional and support personnel. Criminal background check fees for teachers are included here.

**EMPLOYEE BENEFITS FOR INSTRUCTIONAL STAFF ONLY**  
(Column 4)

2100    Insurance; i.e., individual health, dental, life, and other benefits in the 2100 series.  
2400    Professional Services  
        2410 – Physicals, Hepatitis B shots  
2800    Retirement, Social Security, Medicaid, and other employee benefits included in the 2800 series.

Refer to Attachment A, “Reimbursement for Unemployment Costs for Special Education Personnel as well as Personnel Eligible for Funding under Section 24 of the State School Aid Act,” before Charging unemployment.

2920    Cash Payments in lieu of benefits in the 2100 series.

213     **HEALTH SERVICES**

1160    Supervision (must be at least half-time special education and for state funds only)  
1410    Physician (when listed as an employee)–for diagnosis or evaluation services only  
        *Note: Services provided by a physician (other than for Diagnostic or evaluation purposes) are subject to the medical services exclusion and not reimbursable (Garret vs. U.S. Supreme Court, March 3, 1999).*  
1450    Nurse (special education only)  
1470    Physical Therapist  
1480    Occupational Therapist  
1490    Other Technical (Department approval required)  
1620    Secretary/clerical must work 100% of their employment in special education (state funds only)  
1630    Aides (must work 100% of their employment in special education, includes **health care aides serving the OT, PT and Nurse**)  
1860    Substitute or temporary aide/clerical  
3000 – 7000 Series, refer to page 2 for directions (contracted costs from another Michigan public school district may not be reported)



Function <u>Code</u>	Object <u>Code</u>
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214     **PSYCHOLOGICAL SERVICES**

- 1430    Psychologist/psychiatrist
- 1620    Secretarial/clerical must work 100% of their employment in special education  
          (state funds only)
- 1630    Bilingual Aides under R340.1793
- 1860    Substitute or temporary aide/clerical
- 3000 – 7000 Series, refer to page 2 for directions (contracted costs from another  
          Michigan public school district may not be reported)

215     **SPEECH PATHOLOGY AND AUDIOLOGY**

- 1280    Speech and Language Therapist
- 1290    Speech and Language Pathology Assistant
- 1490    Audiologist
- 1620    Secretary/clerical must work 100% of their employment in special education  
          (state funds only)
- 1630    Bilingual Aides under R340.1793
- 1820    Substitute Teacher for speech audiology
- 1860    Substitute or temporary aide/clerical
- 3000 – 7000 Series, refer to page 2 for directions (contracted costs from another  
          Michigan public school district may not be reported)

216     **SOCIAL WORK SERVICES**

- 1440    Social Work
- 1620    Secretary/clerical must work 100% of their employment in special education  
          (state funds only)
- 1630    Bilingual Aides under R340.1793
- 1820    Substitute Social Worker
- 1860    Substitute or temporary aide/clerical
- 3000 – 7000 Series, refer to page 2 for directions (contracted costs from another  
          Michigan public school district may not be reported)

217     **VISUAL AID SERVICES**

- 1270    Visual handicapped media specialist
- 1290    Orientation and Mobility Specialist
- 1620    Secretary/clerical must work 100% of their employment in special education  
          (state funds only)
- 1630    Aide (must work 100% in special education)
- 1860    Substitute or temporary aide/clerical
- 3000 – 7000 Series, refer to page 2 for directions (contracted costs from another  
          Michigan public school district may not be reported)

Function Code	Object Code
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**218 SPECIAL EDUCATION TEACHER CONSULTANT AND PREPRIMARY SERVICES**

- 1250 Instructional Consultation including special education teacher consultants and nonclassroom preprimary staff – This line is for personnel functioning as a teacher consultant only. Personnel functioning as classroom teachers and teacher consultants are reported as instructional personnel (contact the Department for reporting requirements).
- 1620 Secretary/clerical must work 100% of their employment in special education (state funds only)
- 1630 Aides (must work 100% of their employment in special education) for PPI services only
- 1820 Substitute Teacher Consultant
- 1860 Substitute or temporary aide/clerical
- 3000 – 7000 Series, refer to page 2 for directions (contracted costs from another Michigan public school district may not be reported)

**219 OTHER PUPIL SERVICES**

This includes Music Therapist, Recreation Therapist, Teachers of Homebound/Hospitalized and Other Professional Personnel who qualify under R340.1792 and are not included elsewhere.

- 1490 Other Professional
- 1620 Secretary/clerical must work 100% of their employment in special education (state funds only)
- 1630 Aides (must work 100% in special education)
- 1860 Substitute or temporary aide/clerical
- 1890 Substitute Homebound/Hospitalized
- 3000 – 7000 Series, refer to page 2 for directions (contracted costs from another Michigan public school district may not be reported)

**221 IMPROVEMENT OF INSTRUCTION**

- 1870 Substitute Teachers (IDEA professional development activities only)
- 3000 – 7000 Series, refer to page 2 for directions (contracted costs from another Michigan public school district may not be reported)

**226 SUPERVISION AND DIRECTION OF INSTRUCTIONAL STAFF  
State Funds Only**

- 1120 Assistant Superintendent/Director of Special Education with the title of Assistant Superintendent (must be at least half-time and state funds only). ISD Special Education Directors must be full time and state funds only.
- 1160 Supervisors (must be at least half-time and state funds only)
- 1170 Director of Special Education who is not an Assistant Superintendent (must be at least half-time and state funds only). ISD Special Education Directors must be full time and state funds only.

Function Code	Object Code	
226	1620	Secretary/clerical working 100% of their employment in special education (state funds only)
	1860	Substitute or temporary secretary/clerical (state funds only)
	3000 – 4000	Series, refer to page 2 for directions (contracted costs from another Michigan public school district may not be reported)
231	<b>BOARD OF EDUCATION (Purchased Services Only)</b>	
	3170	Hearing Officer and Mediation Fees. Hearing officer fees when an attorney is a hearing officer as required by special education rules. <i>Note: School attorney fees for hearings are not allowable.</i>
	3180	Federal audit expenses. Chargeable to the appropriate <b>federal grant</b> only provided there is a bill showing actual audit costs. <b><i>Not allowed for state aid.</i></b>
	3190	Professional technical. Hearing officer and mediation fees if an attorney is not used. Court recorders for hearing cost are included here.
241	<b>OFFICE OF SCHOOL PRINCIPAL State Funds Only</b>	
	1160	Special education supervisors acting as principals where the school building is <b>used solely for special education purposes –state funds only.</b>
	1620	Secretary/clerical working 100% of their employment in special education (state funds only)
	1860	Substitute or temporary secretary/clerical (state funds only)
	3000 – 4000	Series, refer to page 2 for directions (contracted costs from another Michigan public school district may not be reported)
	7000 –	Series, refer to page 2 for directions (contracted costs from another Michigan public school district may not be reported)
261	<b>DIRECT OPERATION AND MAINTENANCE State Funds and State Discretionary Projects Only</b>	
	<p>Limited to facilities used solely for special education where the direct cost method is used. If a district chooses to use this method, the district must include a description of how the direct operation and maintenance is calculated. The district may not charge indirect costs for any special education supportive or related service housed in a facility for which direct operation and maintenance is charged. A description must accompany the SE-4096 and include: (a) a list of all special education programs, support services, and related service personnel housed in the facility; (b) the salary and related costs for each; and (c) the procedure used to deduct these costs from the indirect cost claimed by line item.</p>	

Function	Object
<u>Code</u>	<u>Code</u>

261 Special procedures and examples are available from the Office of Special Education and Early Intervention Services upon request. The combination of direct and indirect totals cannot exceed the limit established in the State School Aid Act which is presently 15 percent.

- 1550 Crafts and Trades
- 1620 Other Operation and Services. This is limited to switchboard operator or receptionist in a facility used exclusively for special education.
- 1640 Custodian
- 1660 Security
- 1670 Laborer
- 2000 Employee Benefits (same as for teachers, see page 3)
- 3000 Purchased Services
- 3800 Utilities
- 3900 Insurance
- 4100 Repair and Maintenance Services
- 4200 Rentals
- 5900 Supplies and Materials for Operation and Maintenance

271 **PUPIL TRANSPORTATION**

This code is used to report costs for federally funded field trips and Department approved Section 53 transportation. Refer to Attachment C, "Use of Federal Funds Under the Individuals with Disabilities Education Act to Reimburse Field Trips."

Section 53 transportation expenditures are carried forward from the SE-4094 Transportation Expenditure Report to this line.

281 **PLANNING, RESEARCH, DEVELOPMENT AND EVALUATION**  
(Line 35)

Costs limited to those 100% attributable to special education programs and services.

- 1180 Special education approved personnel functioning as planner/monitors, child find coordinators, or compliance personnel.
- 1620 Secretary/clerical working 100% of their employment in special education (state funds only)
- 1860 Temporary clerical (state funds only) must work 100% of their employment in special education.
- 3000 – 7000 Series, refer to page 2 for directions (contracted costs from another Michigan public school district may not be reported).

Function	Object
<u>Code</u>	<u>Code</u>

284     **MANAGEMENT INFORMATION SERVICES**  
**For ISD Central Registry Use Only**  
 (Line 35)

Data processing costs related to instructional materials are reported under instructional function. If the districts operate their own computer program, an auditable method of billing must be used. Reimbursement is limited to operational costs and may not include purchase or replacement of equipment in the service cost. Refer to Attachment B for more detail.

- 1510    Data Processing Personnel (one secretary/clerical may be federally funded for the central registry at the ISD only)
- 3160    Contract data processing services for central registry only from a nonschool entity. Costs cannot include programming charges or overhead costs. They are limited to machine time, keypunch and supplies. Refer to Attachment B, "Use of Special Education Funds for Computers and Related Expenses."

290     **OTHER SUPPORT SERVICES**

- 4900    Other Purchased Services - room and board for special education students and travel expenses for Special Education Parent Advisory Committee members.

**EMPLOYEE BENEFITS FOR SUPPORT SERVICE PERSONNEL ONLY**  
 (Column 2)

- 2100    Insurance of individual health, dental, life, etc.
- 2400    Professional Services
  - 2410 – Physicals, Hepatitis B shots
- 2800    Retirement, Social Security, Medicaid, and other benefits included in the 2800 series.

Before charging unemployment, please refer to Attachment A.

- 2920    Cash Payments in lieu of benefits in the 2100 series.

441     **OUTGOING TRANSFERS**  
**Intermediate School Districts (ISD) Only**

- 3710    Tuition for the Michigan Schools for the Deaf and Blind may be charged to either state or federal funds.

441     **PAYMENTS TO OTHER GOVERNMENTAL UNITS**

- 8290    Transfers to the Michigan Department of Career Development, Rehabilitation Services (MDCD-RS), related to a cooperative agreement that assures the district receives special education services at least equal to the amount transferred to MDCD-RS, are eligible. **Report these costs on line 40, column 8.**

<u>Function Code</u>	<u>Object Code</u>	
441	8290	Transfers to the Department of Community Health, the Family Independence Agency or other governmental units for cooperative services, are not reimbursable. Section 51a limits reimbursement to "approved special education personnel."
421		<b>PAYMENTS TO OTHER GOVERNMENT UNITS OUTSIDE THE STATE</b>
	8310	Tuition for pupils attending public school in another state. This is restricted to either districts that border another state or placements approved under the November 14, 1989 State Board Policy, "Application and Procedure for State Board of Education Authorization for Public Education Agency Placement of a Handicapped Pupil in a Private School."

### **Technical Assistance**

Direct any questions to the Finance and Program Management program at the following address and telephone numbers:

Michigan Department of Education  
Office of Special Education and Early Intervention Services  
Finance and Program Management  
P.O. Box 30008  
Lansing, Michigan 48909

Telephone: (517) 373-6309 (regarding federal funds)  
(517) 241-4517 (regarding state funds)

**MICHIGAN DEPARTMENT OF EDUCATION**  
**Office of Special Education and Early Intervention Services**  
**(Revised April, 2003)**

**SUBJECT:** Reimbursement for Unemployment Costs for Special Education Personnel as well as Personnel Eligible for Funding under Section 24 of the State School Aid Act

School districts may claim unemployment insurance costs as a fringe benefit to the extent that the costs are incurred by special education personnel or personnel assigned to Section 24 programs.

The following criteria were originally established in 1981 and continue to apply to charging the costs of unemployment to special education programs or programs funded under Section 24 of the State School Aid Act.

1. Reimbursement of unemployment for federal programs is governed by the Educational Division General Administrative Rules (EDGAR) published by the U.S. Government Printing Office. Charges for unemployment for state funded programs are governed by the Michigan Department of Education's *Accounting Manual* and criteria established by the Office of Special Education and Early Intervention Services in the directions for the SE-4096 Special Education Final Cost Report. Consistent with these documents, unemployment costs may be charged to the related state or federal program once the liability is known.

There are two plans to cover the disbursement for unemployment costs—the contributing plan and the reimbursement plan. In the contributing plan, the district has a liability when the quarterly premium payment is due. Under the reimbursement plan, the liability is known when the school receives notice that a payment has been made to the unemployed individual even though the district is not billed until a subsequent fiscal year.

2. In order for Section 24 and/or special education programs to cover unemployment charges, the unemployment must be a direct result of a reduction in a program. If for example, an employee of a federal program is bumped by a non-federal employee currently assigned to a locally funded program, the liability for unemployment would be the responsibility of the school district and not the federal program. In such case, the unemployment was caused by a cutback in a locally funded program rather than by a reduction in a federal program.
3. Where activities have been funded jointly by two or more programs, the unemployment costs should be shared between the programs that were originally responsible for the employee. For example, a school district who uses the reimbursement plan to fund their unemployment lays off a staff person who works half time in special education and half time in regular education. The unemployment claim must be divided proportionately between the two programs based on the amount of time the teacher was assigned to each of the programs during the school year for which they were last employed.

4. Federal programs operate under various terms of approval; i.e., one year, three years, etc. Unemployment costs as the result of termination of a program are the liability of the district. In anticipation of this problem, some school districts have proposed setting up a reserve or contingency. The EDGAR regulations specifically forbid contributions to a reserve or contingency for unforeseen events. A district that is currently paying unemployment by the rate method would be covered upon program termination. However, a district cannot charge the rate method for one program and the actual method for another. The method elected must be used for all programs.

Where activities have been funded jointly, such as in the Individuals with Disabilities Education Act (IDEA) flowthrough grant and State Aid Section 52, and the federal portion is terminated, it would be appropriate to charge the cost of unemployment to the State Aid Section 52 if the activities of that program were not terminated.



**MICHIGAN DEPARTMENT OF EDUCATION  
Office of Special Education and Early Intervention Services  
(Revised April, 2003)**

**SUBJECT:** Use of Special Education Funds for Computers and Related Expenses

State and federal funds may be used to purchase computers that are used 100 percent for special education purposes. The computers can be used for instruction, instructional support, central registry, individualized education programs, or other related functions.

School districts may use state and federal funds for software, computer supplies, and service contracts for computers that are used for instruction or instructional support personnel. Subscription fees for classroom Internet Services are also reimbursable.

State or federal funds **may not** be used to reimburse computers that are not used 100 percent for special education purposes. This includes mainframe computers and other data processing equipment that is used for general purposes of the school district. Where the general purpose computer is used to generate special education instructional materials or to provide the intermediate district central registry, the computer department may bill the special education department on an actual time usage basis, as has been the practice in the past. If, for example, the intermediate district uses data center personnel to maintain the central registry, the data center may bill special education for the actual time its personnel used for data entry, as well as, billing the amount of computer time it took to run the central registry. **Computers used for special education administrative and clerical support are not reimbursable with state funds or federal funds.**

Questions regarding purchase of computers or related expenses with special education funds can be directed to the Finance and Program Management Unit, Office of Special Education and Early Intervention Services, Michigan Department of Education, P.O. Box 30008, Lansing, Michigan 48909. The telephone number is (517) 373-6309.

**MICHIGAN DEPARTMENT OF EDUCATION  
Office of Special Education and Early Intervention Services  
(Revised April, 2003)**

**SUBJECT:** Use of Federal Funds Under Individuals With Disabilities Education Act (IDEA) to Reimburse Field Trips

Changes in the State School Aid Act starting with the 1989-90 school year allows school districts to charge field trips for special education pupils to the above grants. School districts are not allowed to charge transportation costs to special education which were normally reimbursed under Section 58 of the State School Aid Act. Such a transfer of charges would be considered supplantation under federal regulations.

Districts are responsible for identifying transportation costs pertaining to mandatory events or events where attendance is related to the achievement of academic credit. Costs for these activities are reported on the Transportation Expenditure Report (SE-4094). Furthermore, activities that relate to community-based instruction, which are part of a student's curriculum, are recorded as a transportation cost on the SE-4094 and may not be included as a charge against special education grants.

**Field Trip Defined**

Field trips are nonmandated and noncredit events, which are considered extra-curricular or co-curricular activities. Instructional activities that are scheduled away from school on a regular basis are not field trips. Examples are as follows:

*Example 1:* Special education students are scheduled three mornings a week at a community-based instruction site. Since this is a regular scheduled activity which is part of the special education curriculum for these pupils, it is charged as a transportation cost under Section 58 of the State School Aid Act. These costs for transportation may not be charged to a special education grant.

*Example 2:* A special education class travels to a local civic center to see a dance troupe perform. Since this is not a regularly scheduled part of the curriculum, the costs may be charged to the special education grant as a field trip.

Questions relating to reimbursement of field trips with the IDEA grant should be referred to the Finance and Program Management Unit, Office of Special Education and Early Intervention Services, Michigan Department of Education, P.O. Box 30008, Lansing, Michigan 48909. The telephone number is (517) 373-6309.

## **TRANSPORTATION ALLOWABLE EXPENDITURES for 2002-03 and 2003-04**

The following is a list of items approved to be included as direct costs on the SE-4094 Transportation Expenditure Report. A district must have prior written approval from the Office of Special Education and Early Intervention Services, Michigan Department of Education, to charge costs not included on this list. **Services purchased from another Michigan public school district or intermediate school district are not eligible to be included in this report.**

### **Account Codes**

#### *Function Object*

#### 271 – Transportation

##### 1000 – Salaries

1190 – Supervisor – salary paid for performing duties as a supervisor, not to include the salary of the superintendent acting as supervisor of transportation

1610 – Bus driver

##### 1000 – Salaries Support

1550 – Mechanic (other operation/service) – involved in working on and maintaining vehicles involved in transporting pupils to and from school and school related events

1620 – Secretary, clerical, dispatcher

1630 – Aides – bus attendants on vehicles transporting pupils to and from school, not to include bus loading aides

1640 – Custodial/Maintenance as garage employees

1660 – Security guards as garage employees

1670 – Garage employees

1860 – Substitute bus driver, secretary, mechanic

##### 2000 – Employee Benefits (note: all other 2000 series are not eligible)

2100 – Insurance; to include individual life, disability, health, dental, vision, etc.

2410 – Physicals, Hepatitis B shots

2800 – Retirement, social security, medicaid and other employee benefits in the 2800 series

2920 – Cash Payments in lieu of benefits in the 2100 series

- 3000-4000– Purchased Services – Vehicle Related Costs (a written agreement or contract should be in effect between the district and vendor for the provision of all purchased services). **Do not include services purchased from another Michigan public school district.**
- 3190 – Contracted mechanic or garage employee (Line 18)
- 3310 – Common Carrier – (contract carrier) – amount paid to an organization offering its services to the general public to provide motor vehicle transportation of pupils for compensation over irregular routes. Include payments to public transit agencies (authorities), private third party vendors or taxi cab companies for pupil transportation services. Vehicles used are “non-black and yellow” vehicles.
- 3320 – Paid to Pupils – payment to a pupil providing his or her own transportation to and from an instructional program site. Also includes the cost of passes for pupils to ride public transit buses. Do not include payments to and from a school related event.
- 3330 – Private Auto – payment to an individual, other than a pupil, to provide pupil transportation services to and from an instructional site. Do not include payments to or from a school related event.
- 3930 – Fleet Insurance – amount paid for pupil transportation fleet insurance for vehicles used to transport pupils to school and school related events. Prorate premiums for vehicles not used exclusively by the transportation department. Report insurance for eligible vehicles as listed on the SE-4107 School Bus Inventory.
- 4130 – Vehicle Maintenance and Repair – cost of maintenance and repair of pupil transportation vehicles at a private garage or body shop. Also includes bus lettering by a contractor.
- 4220 – Equipment Leasing – leasing of two-way radios used pupil transportation vehicles, bus garage alarm system, xerox copier (prorated for transportation costs).
- 4230 – Rental of Buses – not to include maintenance, repairs, gasoline, oil, insurance, etc. All contracted black and yellow buses must be listed on the SE-4107 School Bus Inventory to be eligible to report costs.
- 3000-4000– Non-Vehicle Related Costs (a written agreement or contracts should be in effect between the district and vendor for the provision of all purchased services). **Do not include services purchased from another Michigan public school district.**
- 3130 – Aides – bus attendants on vehicles transporting pupils to and from school, **not** to include bus loading aides (Line 11)
- 3160 – Data Processing – for routing approved by the ISD (Line 11)
- 3190 – Contracted secretarial, clerical or dispatcher (Line 11)
- 3210 – Local Travel – mileage costs for supervisors, mechanics, drivers and clericals in performance of their duties or for instructional purposes (Line 8)

- 3220 – Workshops/Conferences – inservice training or conferences to assist staff in performing duties more efficiently (i.e.; MAPT or NAPT conferences). Also includes meals, tuition for training programs and meals of bus drivers while on field trips. (Line 8)
- 3410 – Telephone – amount paid exclusively for the pupil transportation department's telephone service. Do not prorate the district's total telephone costs to this line. (Line 9)
- 3430 – Postage – amount paid for the pupil transportation department's postage (Line 9)
- 3510 – Advertising – recruitment advertisements for the pupil transportation staff (Line 11)
- 3610 – Maps – printing, binding and computer generated (Line 11)
- 3810 – Heating Fuel – amount paid exclusively for the transportation department's heating fuel. Do not prorate the district's total heating costs to this line. (Line 10)
- 3820 – Electricity – amount paid exclusively for the transportation department's electricity. Do not prorate the district's total electricity costs to this line. (Line 10)
- 3830 – Water/Sewage – amount paid exclusively for the transportation department's waste and trash disposal. Do not prorate the district's total water/sewage costs to this line. (Line 10)
- 3840 – Waste/Trash Disposal – amount paid exclusively for the transportation department's waste and trash disposal. Do not prorate the district's total waste and trash disposal costs to this line. (Line 10)
- 4110 – Building Repairs – include repairs to the garage and to the bus parking lots. Do not include improvements or additions to the garage building or parking lots. (Line 11)
- 4120 – Equipment Repairs – include repairs for gas pumps, water pumps, the servicing of time clocks, furnace repair or replacing the garage door (Line 11)
- 4290 – Rental of inservice films (Line 11)
- 4910 – Other purchased services to include snow plowing of the bus parking lot, washing and cleaning of buses by private contractors, laundry charges for mechanic uniforms, shop towels, and pest control for garage or buses (Line 11)
- 5000 – Supplies/Materials
  - 5710 – Gasoline/Oil/Grease – used only for pupil transportation fleet vehicles (Line 20/21)
  - 5720 – Tires/Tubes/Batteries – expenditures in the maintenance of only pupil transportation fleet vehicles (Line 22)

5730 – Vehicle Repair Parts – parts used in the maintenance of only pupil transportation vehicles (Line 23)

5790 – Other Supplies – such as anti-freeze, deicers, cleaning materials for buses, custodial supplies, electrical cords, fire extinguishers, first aid supplies, repair parts for garage equipment, signal flags, small tools, etc. (Line 23)

5910 – Office Supplies – used only to support the operation of the pupil transportation office functions (Line 24)

7000 – Other Expense

7410 – Expenditures to include tickets for ferries, toll road fees, drivers licenses, license fees to operate two-way radios, gasoline credit card fees, exam fee, bus driver awards, driver safety programs, and subscriptions relating to pupil transportation management. (Line 26)